

Cited as "1 ERA Para. 70,799"

Bonus Gas Processors, Inc. (ERA Docket No. 88-09-NG), May 27, 1988.

DOE/ERA Opinion and Order No. 241

Order Granting Blanket Authorization to Import Natural Gas from Canada and Granting Interventions

## I. Background

On March 11, 1988, Bonus Gas Processors, Inc. (Bonus), filed an application with the Economic Regulatory Administration (ERA) of the Department of Energy (DOE), pursuant to Section 3 of the Natural Gas Act (NGA), for blanket authorization to import up to 219 Bcf of natural gas during a two-year period, beginning on the date of the first delivery. Bonus is a Nevada corporation and a wholly-owned subsidiary of Bonus Petroleum Corporation.

Bonus proposes to import natural gas supplied by Bonus Petroleum Corporation and other western Canadian suppliers, including Diamond Shamrock. Bonus intends to sell the imported gas to a wide range of markets in the United States including, but not limited to, pipelines, local distribution companies, and commercial and industrial end-users, or to act as a broker or agent on behalf of a supplier or purchaser. Bonus states that the terms of each arrangement will be negotiated on an individual basis to ensure competition in the marketplace and to meet the specific needs of its customers.

Bonus proposes to submit quarterly reports giving details of individual transactions within 30 days following each calendar quarter. Further, bonus intends to utilize existing facilities for the transportation of the gas and, therefore, does not contemplate the construction of any new facilities.

The ERA issued a notice of this application on March 22, 1988, inviting protests, motions to intervene, notices of intervention, and comments to be filed by April 28, 1988.<sup>1</sup> Motions to intervene without comments or requests for additional procedures were filed by Northwest Pipeline Corporation, El Paso Natural Gas Company and Pacific Gas Transmission Company. This order grants intervention to these movants.

## II. Decision

The application filed by Bonus has been evaluated to determine if the

proposed import arrangement meets the public interest requirements of Section 3 of the NGA. Under Section 3, an import is to be authorized unless there is a finding that it "will not be consistent with the public interest." 2/ The Administrator is guided in making this determination by the DOE's natural gas import policy guidelines.<sup>3/</sup> Under these guidelines, the competitiveness of an import in the markets served is the primary consideration for meeting the public interest test.

Bonus' proposed arrangement for importing gas, as set forth in the application, is consistent with the DOE policy guidelines. The import authorization sought is similar to other blanket arrangements considered by the ERA,<sup>4/</sup> and would provide the applicant with blanket import approval, within prescribed limits, to negotiate and transact individual, short-term purchase arrangements without further regulatory action. The fact that each spot purchase will be voluntarily negotiated, short-term, and market-responsive, as asserted in Bonus' application, provides assurance that the transactions will be competitive. Under the proposed import, Bonus will only purchase gas to the extent it needs such volumes and the price is competitive. Further, no party objected to the proposed import. Thus, this arrangement will enhance competition in the marketplace.

After taking into consideration all the information in the record of this proceeding, I find that granting Bonus blanket authority to import up to 219 Bcf of natural gas during a term of two years is not inconsistent with the public interest.<sup>5/</sup>

### ORDER

For the reasons set forth above, pursuant to Section 3 of the Natural Gas Act, it is ordered that:

A. Bonus Gas Processors, Inc. (Bonus), is authorized to import up to 219 Bcf of natural gas during a two-year period, beginning on the date of first delivery.

B. This natural gas may be imported at any point on the international border where existing pipeline facilities are located.

C. Bonus shall notify the ERA in writing of the date of first delivery of natural gas authorized in Ordering Paragraph A above within two weeks after deliveries begin.

D. With respect to the imports authorized by this Order, Bonus shall

file with the ERA within 30 days following each calendar quarter, quarterly reports indicating whether purchases of imported gas have been made, and if so, giving, by month, the total volume of the imports in MMcf and the average purchase price per MMBtu at the international border. The reports shall also provide the details of each transaction, including the names of the seller(s), and the purchaser(s), including those other than Bonus, estimated or actual duration of the agreement(s), transporter(s), points of entry, market(s) served, and, if applicable, the per unit (MMBtu) demand/commodity charge breakdown of the price, any special contract price adjustment clauses, and any take-or-pay or make-up provisions.

E. The motions to intervene, as set forth in this Opinion and Order, are hereby granted, provided that participation of the intervenors shall be limited to matters specifically set forth in their motions to intervene and not herein specifically denied, and that admission of such intervenors shall not be construed as recognition that they might be aggrieved because of any order issued in these proceedings.

Issued in Washington, D.C., on May 27, 1988.

--Footnotes--

1/ 53 FR 10141, March 29, 1988.

2/ 15 U.S.C. Sec. 717b.

3/ 49 FR 6684, February 22, 1984.

4/ E.g., Loutex Energy Inc., 1 ERA Para. 70,757 (February 11, 1988); Bishop Pipeline Corporation, Inc., 1 ERA Para. 70,759 (February 24, 1988); Entrade Corporation, 1 ERA Para. 70,761 (March 3, 1988); Dynasty Gas Marketing, Inc., 1 ERA Para. 70,764 (March 18, 1988); and Colony Natural Gas Corporation, 1 ERA Para. 70,766 (March 23, 1988).

5/ Because the proposed importation of gas will use existing pipeline facilities, the DOE has determined that granting this application is clearly not a major Federal action significantly affecting the quality of the human environment within the meaning of the National Environmental Policy Act (42 U.S.C. 4321, et seq.) and therefore an environmental impact statement or environmental assessment is not required.